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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 165	↓ -1,45	↓ -2,87
S&P500	1 995	↓ -1,30	↓ -2,77
Nasdaq100	4 148	↓ -0,79	↓ -3,03
Russell2000	1 165	↓ -2,08	↓ -2,87
Stoxx600	367	↓ -0,46	↓ -0,90
DAX	10 694	↓ -0,41	↑ 0,42
FTSE 100	6 749	↓ -0,90	↓ -1,22
CAC40	4 604	↓ -0,59	↓ -0,79
ATX	2 191	↑ 0,18	↓ -1,64
IBEX35	10 403	↓ -0,99	↓ -1,68
Nikkei 225	17 558	↓ -0,66	↑ 0,51
Hang Seng	24 416	↓ -0,37	↓ -1,98
SSEC	3 129	↓ -2,53	↓ -7,51
SENSEX	29 183	↓ -1,68	↓ -0,60
RTS	737	↓ -1,35	↓ -10,19
Bovespa	46 908	↓ -1,79	↓ -3,44

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1309	↑ 0,20	↑ 0,64
EUR/CHF	1,0505	↑ 1,26	↑ 3,55
USD/GBP	1,5066	↑ 0,01	↓ -0,08
USD/JPY	117,59	↑ 0,13	↓ -0,73
AUD/USD	0,7786	↑ 0,26	↓ -1,74
USD/CAD	1,2748	↑ 0,14	↑ 2,21
USD/RUB	69,08	↑ 0,62	↑ 1,74

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	21,0	↑ 2,2	↑ 4,3
CDS 5Y PIIS	21	↓ -1,6	↑ 0,6
CDS 5Y Italy	84	↓ -0,8	↓ -2,0
CDS 5Y Belg.	86	↑ 0,0	↓ -0,6
iTraxx 5Y EU	38,2	↑ 2,4	↑ 6,1
US TED Spread	59,5	→ 0,0	↑ 0,6

Source: Reuters, OTP Research

Summary

- Stock markets saw losses globally on Friday. An unenthusiastic day was exacerbated by a disappointing GDP figure in the USA, and by the Central Bank of Russia's interest rate cut in Europe.
- The USA's annualized GDP growth slowed to 2.6% in Q4, down from 5% and wrong-footing the forecast 3%.
- This morning the EUR was trading above 1.13 versus the USD, while the CHF weakened.

Europe's key indices ended Friday's trading with losses on both sides of the Atlantic. The Dow sank 1.5%, and the S&P slipped 1.3% as America's Q4 GDP was smaller than had been expected. This brought the S&P 500's total January loss to 3.1%, but last week's 2.8% plunge hit it even harder. The first month of the year was particularly painful for the energy and the financial sectors, but it was not much better for tech companies such as Microsoft and Yahoo!, which saw double-digit losses. Being considered safe and paying dividend, utilities became the winners of the month; meanwhile risk aversion steered many investors to government bond markets, where the 10Y US Treasury note yield fell 53 basis points. On Friday, nine of the S&P's ten sector indices contracted; with utilities taking the hardest hit and the energy sector being the most vigorous. Bouncing back from 4% in the red, Chevron pared its losses to -0.5%; its plunge stemmed from the announcement to cut back its production budget and the warning that some of its shale gas projects may be adjourned. After posting profit in Q4, thus reversing two quarters in the red, Amazon rallied 14% on Friday. Google soared 4.7% despite the worse-than-expected figures in its earnings report. Bank card providers fared well: appreciating Visa's better-than-expected quarterly figures and its announcement on four-to-one stock split, investors drove its stock price almost 3% higher. But the stock split is likely to end Visa's membership in the Dow index, and it may be replaced by Goldman Sachs, probably generating some extra demand for the latter's stocks.

Europe's most important indices also closed in the negative territory, even if the DAX opened on a positive note; forward prices also suggested a modest increase. The Stoxx600 subsided 0.5%, but gained a total of 7.2% in January, in sharp contrast with the S&P500's January performance. An interest rate cut by the Central Bank of Russia left a shadow on Friday's trading; the rouble's plunge has an adverse effect on businesses who export to Russia. Banks and the telecommunications sector were Friday's losers and commodity producers were the winners.

Most of Asia's stock markets fell this morning; China's poor manufacturing statistics caused meaningful losses to the Shanghai index.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,47	↓ -6	↓ -1
US 10Y	1,65	↓ -11	↓ -11
JP 2Y	0,02	↓ 0	↑ 3
JP 10Y	0,28	↓ -1	↑ 4
GER 2Y	-0,18	↓ 0	↓ -1
GER 10Y	0,36	↑ 2	↓ -9

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	↑ 0,5	↑ 1,00
ECB Rate	0,05	→ 0,05	→ 0,05
BOE Rate	0,50	→ 0,50	↑ 1,00
BOJ Rate	0,10	→ 0,10	→ 0,10
SNB Target	-0,75	↑ 0,00	↑ 0,00

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,25	→ 0	↓ 0
US 2Y Swap	0,70	↑ 2	↓ -3
US 5Y Swap	1,34	↑ 3	↓ -13
EUR 3M Euribor	0,05	↑ 0	↑ 0
EUR 2Y Swap	0,15	↓ 0	↑ 2
EUR 5Y Swap	0,30	↓ -2	↓ -1
GB 3M Libor	0,56	↑ 0	↑ 0
GB 2Y Swap	0,82	↓ -2	↑ 1
GB 5Y Swap	1,16	↑ 2	↑ 3
JP 3M Libor	0,10	↑ 0	↑ 1
JP 2Y Swap	0,13	↑ 1	↑ 1
JP 5Y Swap	0,22	↑ 2	↑ 3
CHF 3M Libor	-0,86	↓ -1	↓ -5
CHF 2Y Swap	-0,78	↓ -2	↑ 8
CHF 5Y Swap	-0,59	↑ 1	↑ 8

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	52,0	↓ -1,96	↑ 7,87
Gold	1 279	↓ -0,34	↓ -1,02

Source: Reuters, OTP Research

The annualized growth of US GDP slowed to 2.6% in the fourth quarter, down from 5% in Q3, and less than the expected 3% increase. In full-year 2014, economic growth speeded up to 2.4%, from 2.2% in 2013. Consumption grew by 4.3% in the fourth quarter; the January jump in the consumer confidence index (to 98.1, up from 93.6 in December) may be a harbinger of encouraging developments in consumption. Apparently, the corporate sector is less optimistic; investments' growth slowed to 2.3% in Q4, down from 7.7% in the third quarter.

Following Thursday's statistics from Germany, the eurozone's consumer price index gauges released on Friday also signify deflation. Prices dropped by 0.6% year on year, after decreasing by 0.2% in December. Unemployment in the eurozone sank to a surprise 11.4% in December, down from 13.4%.

Manufacturing purchasing managers' indices will see the light of day in Europe and America today.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	DE	dec.	Retail sales (yoy, %)	4,0	3,5	-1,0
	EZ	jan.	CPI (preliminary, yoy, %)	-0,6	-0,5	-0,2
	EZ	dec.	Business climate (points)	11,4	13,5	13,4
	US	Q4	GDP, preliminary (annualized, %)	2,6	3,0	5,0
	US	Q4	GDP-deflator, preliminary (%)	-0,1	1,0	1,4
	US	jan.	Chicago PMI (points)	59,4	57,5	58,8
	US	jan.	Michigan consumer sentiment, final (points)	98,1	98,2	98,2
Monday	DE	feb.	Markit Manufacturing PMI (points)		51,0	51,0
	EZ	jan.	Markit Manufacturing PMI (points), végleges		51,0	51,0
	GB	feb.	Markit/CIPS Manufacturing PMI (points)		52,6	52,5
	US	dec.	Personal Income (m/m, %)		0,2	0,4
	US	dec.	Consumption, adjusted (m/m, %)		-0,2	0,6
	US	jan.	ISM manufacturing PMI (points)		54,5	55,1
	US	dec.	Construction spending (m/m, %)		0,7	-0,3

Source: Reuters, OTP Research

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